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SUMMARY OF SPECIAL MEETING

August 9, 1971

Mr. Rosen stated that the purpose of the meeting was to share ideas about ways the personnel community can assure effective achievement of the President's goal to stop unwarranted grade escalation, as outlined in OMB Bulletin No. 72-4, dated August 5, 1971, to Heads of Executive Departments and Establishments. Mr. Rosen introduced Charles Parker and David McAfee of the Office of Management and Budget, and Raymond Jacobson, Director, Bureau of Policies and Standards, U. S. Civil Service Commission.

There has been a steady rise in the average grade level in the Executive Branch of the Government over the years which averaged about one-tenth of a grade per year. However, since 1968 the average grade level has risen at a much faster rate, approximately two-tenths of a grade per year. There has been a decline in number and percent of positions in GS-1 through 4, while at the same time there has been a steady increase in number and percent of positions in grades GS-11 through 15. This upsurge occurred at the time the Federal service was arriving at pay comparability.

The President's concern centers on the tremendous dollar cost of the grade creep resulting not only from the rise in the average grade, but also in the cost of the accompanying increased fringe benefits.

The OMB Bulletin states that there is "considerable evidence that many Federal agencies have failed to exercise adequate controls over their staffing patterns" The focus, however, is strictly a constructive one, with no particular agencies, programs, or any single staff activity being blamed. The success of this effort will result from the ingenuity and determination of Federal managers to achieve a leaner grade structure.

The measure of the President's concern and determination is indicated by what has been done since Thursday, August 5.

- OMB Bulletin 72-4 was discussed by the President at a Cabinet meeting on August 5.
- OMB Director Schultz held a White House News Conference and met with Under Secretaries on Friday, August 6 to discuss subject.

- Directors of Personnel discussed subject in IAG meeting of August 9.
- OMB and CSC officials met with the Executive Officers Group on Monday, August 9.

OMB Bulletin No. 72-4 prescribes very tight deadlines for agencies. Agency plans are due September 15. Teamwork is essential between OMB, agencies, and the Commission, and between line managers, personnel people, management analysts and budget people to assure achievement of the goals of the OMB Bulletin. OMB has not prescribed what courses of action agencies will include in their plans in recognition that actions must be tailored to the particular circumstances of each agency's programs. The Commission's role will be to provide maximum help and support to agency personnel directors in Washington and to help achieve understanding of the program by managers in the field. The OMB Bulletin includes some suggested courses of action for agency consideration.

The OMB Bulletin provides for a one-tenth roll back in the Government-wide average grade by next June 30 and an additional one-tenth by June 30, 1973. There is no standard average grade applicable to all agencies; each agency has its own average grade. In those agencies where the average grade rose by more than four-tenths of a grade since 1968, the agency will be required to reduce the average grade by 0.15 by June 30, 1972, and by another 0.15 by June 30, 1973. If, on the other hand, there has been less than a 0.4 increase, agencies will be requested to roll back the average grade by 0.1 for each of the next two fiscal years.

The basic objective in implementing OMB Bulletin No. 72-4 is to halt and reverse unwarranted annual increases in average grade levels. This means going behind the increases to get at the real causes of grade escalation. A leaner grade structure should be achieved in ways that do not curtail vital programs or services, damage the morale or productivity of employees, or diminish efforts to assure equal employment opportunities for minorities, women, veterans, and others.

The key individuals in this effort are the managers of Government programs. The rise in average grades is in considerable part the result of day-to-day decisions in operating programs. Essentially it involves how managers organize and how they assign work to people. Therefore, the emphasis will be on helping managers intensify their efforts in more effective position management. This involves the following:

- Providing managers with better information on the grade-level consequences of their management decisions.
- Changing the expectation, wherever it exists, that grades in any dynamic program or occupation must keep going up.
- Providing managers with the information they need to respond appropriately to natural pressures for higher grades.

Some possible CSC supportive actions with short-term impact are:

- CSC can assist agencies by providing data and analysis on grade-level trends, and advice on opportunities to restructure jobs.
- CSC can hold requests now pending for certification from high-level registers until agencies review the need to fill jobs at high levels. This will be done by CSC in response to specific agency requests for such action.
- Closer consultation on pending and future mass upgrading proposals submitted to CSC under FPM Letter 511-6 in light of new OMB Bulletin.
- CSC can hold "one-shot workshops" for managers in the field and Washington to focus attention on the problem, share thoughts on possible solutions, etc.
- CSC can advise agencies in their review of ongoing RIF's to help assure appropriate reductions at all levels.

Some possible CSC supportive actions with longer-range impact are:

- CSC will serve as clearinghouse to share agency information and ideas on:
 - o Effective position management
 - o Other actions that help reduce grade average
- On requests for certification, Area Offices can advise agencies where supply of candidates looks as good or better at lower levels.
- CSC will have Regional Office staff available for consultation on staffing plans with special emphasis on grade structure.
- More emphasis on helpful advice in areas of position management and organization of work in:
 - o Regularly scheduled evaluations of personnel management
 - o Special reviews
 - o Planned visits
 - o CSC participation and agency-led reviews at their request.
 - o CSC can reserve vacant quota jobs in grades GS-16, 17, and 18 for the agency when it decides to defer filling them in furthering objectives of OMB Bulletin 72-4.

Training programs for managers

- o CSC will give more emphasis in its interagency training programs on position management, organization of work, and related subjects.
- o CSC will make training materials available to agencies that want to do likewise.

The following questions were raised during the general discussion that followed:

- Q. What effect will this new program have on agency contracting activities?
- A. This is a separate area for consideration, but agencies should not use contracting-out merely to lower the average grade.
- Q. What is the relationship between this program and the proposals of the Job Evaluation and Pay Review Task Force; will it delay legislative proposals?
- A. No. Legislative proposals are expected to be submitted by the beginning of 1972, as required by law.
- Q. Will this cause a reconsideration of the Commission's proposal with respect to changes in GS-5 and 7 entrance levels for college graduates?
- A. The final decision on this proposal, due to be made shortly, will take into account a wide variety of comments and considerations, including the OMB Bulletin.
- Q. To what extent have the unions been involved at this point?
- A. There have been no discussions with unions on a national basis because each agency will develop its own plans to achieve the goal in light of its special circumstances. The need for discussion with unions will have to be determined by each agency according to its own situation and the particular relationships it has with its unions.

In submitting the plans required by this Bulletin, each agency should inform the Office of Management and Budget of the implications of the plans in terms of any problems that are expected in implementing the plan and how the agency plans to deal with such problems.

It was emphasized that:

- 1) There is no Government-wide freeze on promotions. Of course, individual departments or bureaus are not prohibited from using temporarily "promotion freezes" or other restraints while they develop their individual plans.
- 2) There is no intent to use reduction-in-force or demotions as techniques to achieve the goals in the OMB Bulletin.

The Group agreed that an IAG Committee should be established to consider all aspects of the program. Such a Committee is being set up.